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"To enrich lives through effective and caring service"

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October 15, 2012

To: Supervisor Zev Yaroslavsky, Chair
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: Tom Tindall
Director

Subject: **ENERGY UPGRADE CALIFORNIA – LOS ANGELES COUNTY
STATUS REPORT (RESPONSE TO ITEM 15, AGENDA OF
MARCH 6, 2012)**

On March 6, 2012, your Board, on motion of Supervisor Yaroslavsky, instructed the Chief Executive Office (CEO) and the Director of the Internal Services Department (ISD) to:

1. Maintain data, which shall be updated as often as feasible but no less than once per month, showing the number of participants within each component subprogram of Energy Upgrade California – Los Angeles County (EUCLA), including data showing the number of participants who have, within each subprogram: (a) applied for participation in each of the respective sub-programs, (b) received approval of their application, (c) begun physical improvements of their home / commercial location (where applicable), (d) completed physical improvements (where applicable), and (e) received rebate checks or otherwise successfully finished their participation in the program;
2. Establish goals for the number of total participants over the life of the program for EUCLA overall and within each subprogram;
3. Establish benchmarks by month for EUCLA overall and within each subprogram by which the progress of the total program and each subprogram shall be measured;

4. Maintain a narrative description, which shall be made available to the Board of Supervisors no less than once per month, of the steps taken to improve performance of EUCLA overall and for any subprogram in any month in which the benchmarks established in #3 are not met for EUCLA overall and for each subprogram, potentially including, as the CEO and Director of ISD deem appropriate, a reallocation of resources from underperforming subprograms to subprograms that are meeting or exceeding benchmarks.

This memorandum provides the eighth status report on the EUCLA program, updated through September 2012.

In accordance with your Board's instructions, Attachment I provides graphics and narratives illustrating status for the Advanced, Basic, and FlexPath subprograms of EUCLA. Additional graphics and narratives show goals and monthly benchmarks to measure progress as well as program changes, lessons learned, and program revisions to increase program participation and/or reallocate resources.

In August, Los Angeles County announced the end of the matching EUC incentives and provided a 30 day period for final submittals. The program officially closed to new applicants on September 28, 2012, causing a sharp increase of submittals prior to that date. As is evidenced in the charts attached, August and September had large increases in projects submittals under the matching EUCLA Basic/Advanced path incentives. This fact, in addition to the difficulty in projecting the exact incentive amount applied to each project, necessitated the closure of this program because available funds were nearly exhausted. As projects continue to complete construction, ISD will finalize a count of matching incentives and the total budget needed to cover these projects.

On October 9, 2012, the County announced an end date for the FlexPath program and provided procedures for submittal of projects. The budget allocated for FlexPath was intended to supply incentives to 1500 projects and the budget has since been increased to allow for a total of 1650 projects. The success of the FlexPath program, as shown in the attached charts, led to an earlier-than-expected expenditure of the program budget and required the program to close to new applicants.

As described in previous reports to your Board, ISD has been actively working with the utilities and the California Public Utilities Commission (PUC) to continue successful, ARRA-originated programs. On October 9, 2012, the PUC issued its draft Decision Approving 2013-2014 Energy Efficiency Programs and Budgets. In the draft Decision, funding was approved for Los Angeles County to continue its role in a variety of programs including: Flex Path, EUCLA marketing and outreach, workforce

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development, and financing. If the draft Decision is approved (likely time frame of December 2012 or January 2013) as is, ISD will brief your Board deputies and seek approval to accept the funds. It is important that the CPUC recognized the County's leadership in its draft Decision and we look forward to continuing these programs in early 2013.

Given this significant milestone, ISD proposes to provide your Board with a final report on EUCLA program accomplishments in December 2012. We will continue regular reporting of these programs under CPUC funding to your Board on a quarterly basis.

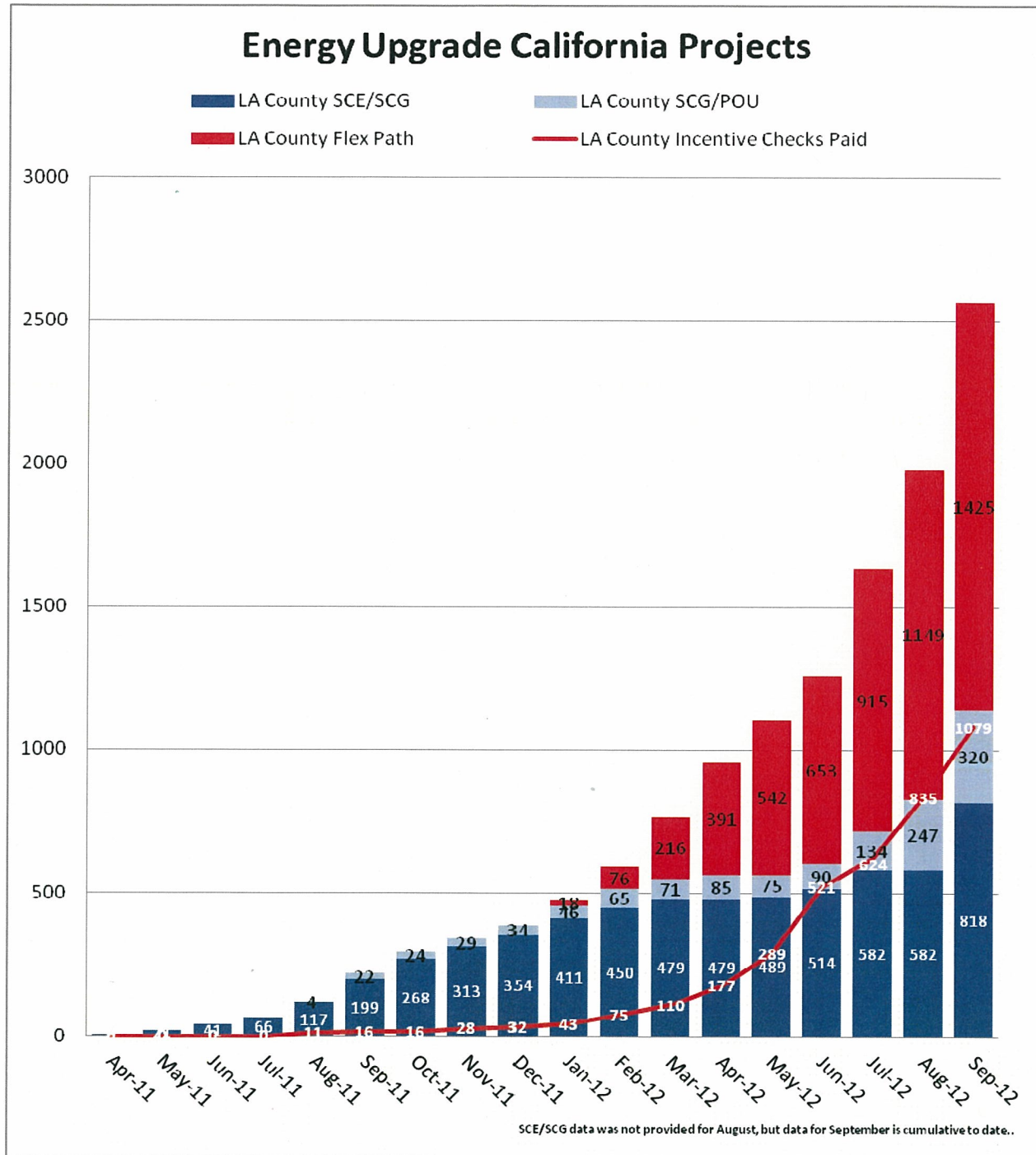
If you have any questions, please contact me at 323-267-2101.

TT:JJ:HC:LR

c: ISD Board deputies
Chief Executive Officer
Executive Officer, Board of Supervisors
Deputy CEO

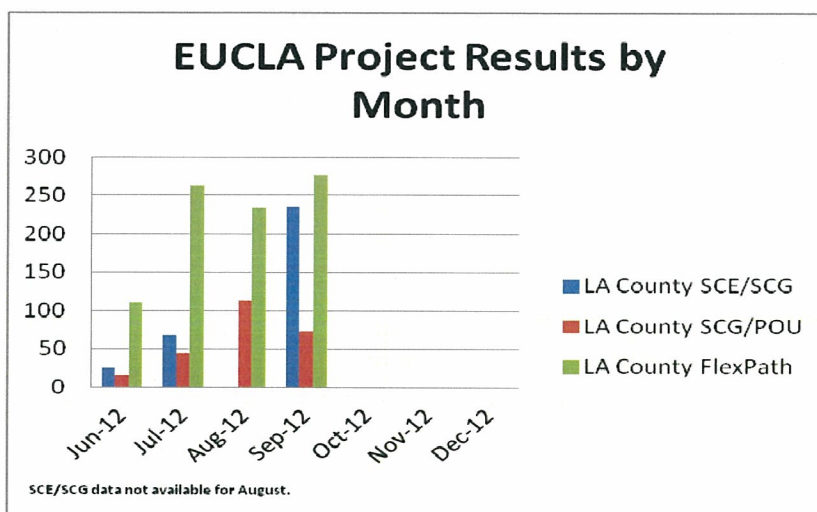
Monthly EUCLA Graphics/Narrative – Through October 1, 2012

The following are status charts and supporting narrative, summarizing significant program accomplishments for the month of September for the Energy Upgrade California in Los Angeles County (EUCLA) program and its subprograms. Although last month's report didn't include data from SCE, the September figure below is cumulative to date and includes both projects submitted in August and September.

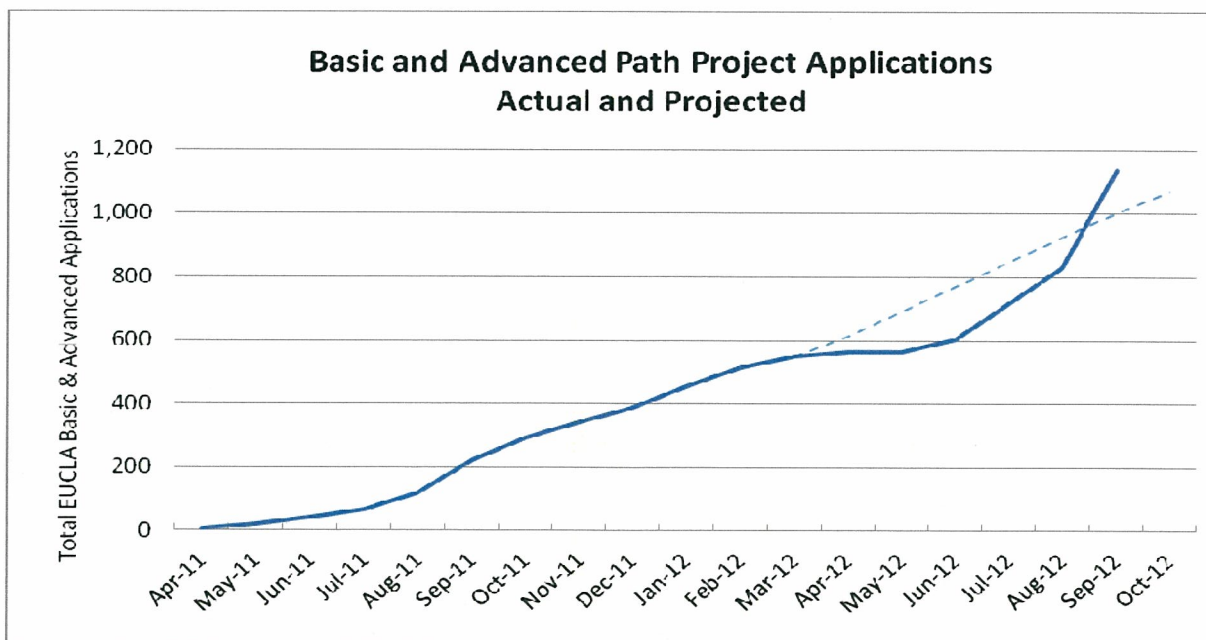


Monthly EUCLA Graphics/Narrative – Through October 1, 2012

On August 29, EUCLA announced that the LA County matching incentive for Basic and Advanced path projects would be ending on September 28, 2012. This announcement was necessitated by the pending exhaustion of grant funds budgeted for these incentives. Notification was distributed through all possible means to inform both contractors and homeowners of this upcoming deadline for project submittals. The graphic below summarizes new projects submitted in recent months. As SCE data wasn't available in August, the large jump in September's numbers can be attributed to projects submitted both in August and September. Additionally, the announcement of the ending of LA County matching incentives caused an increase in project submittals.

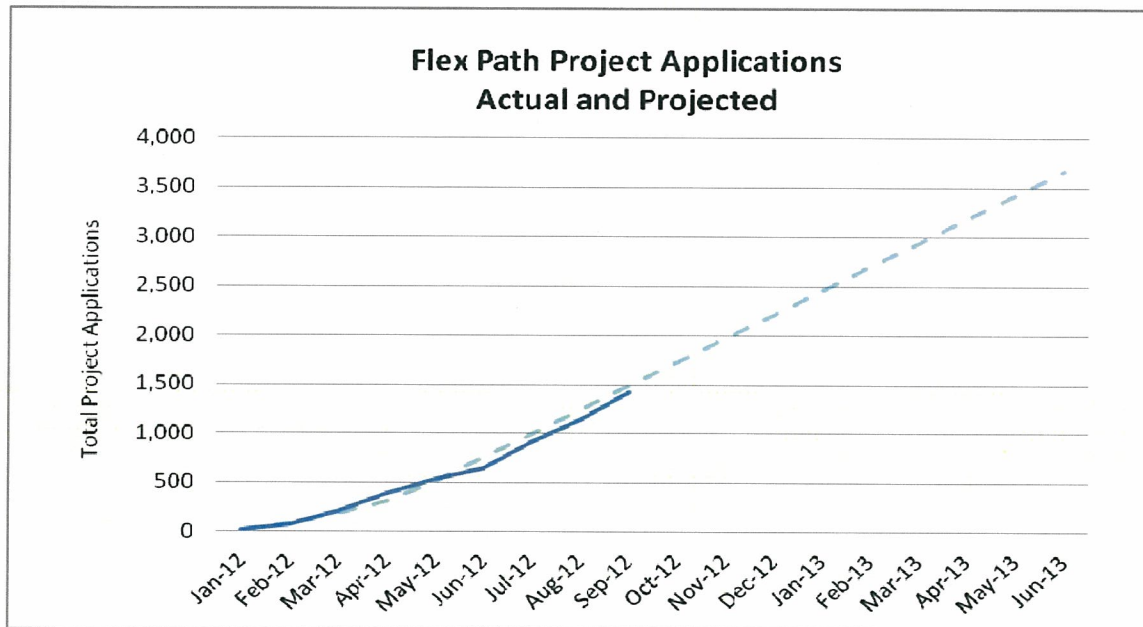


Below is the cumulative total of all Basic and Advanced path project applications that have been submitted to date (not including FlexPath).

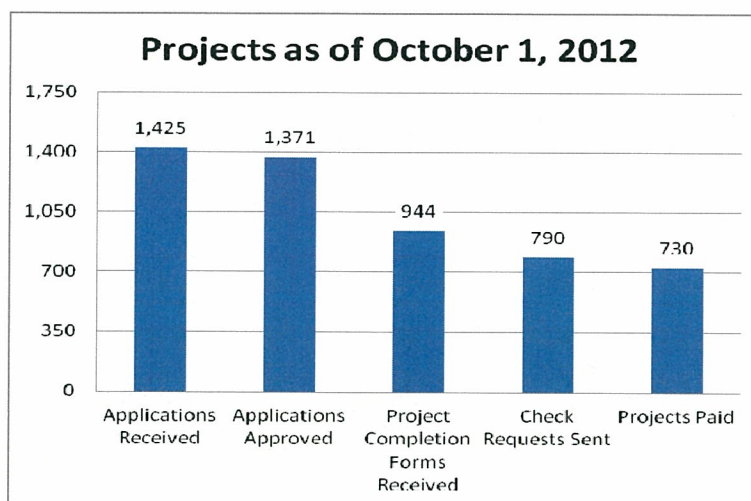


Monthly EUCLA Graphics/Narrative – Through October 1, 2012

On October 9, EUCLA announced that the FlexPath program would close to new applications on October 19, 2012. Because of the overwhelming success of FlexPath and the limited budget allocated to fund incentives, the program has been forced to temporarily shut down and will likely resume taking applications early next year utilizing PUC funding allocated for FlexPath implementation. The chart below represents cumulative FlexPath project applications submitted through the end of August. September results show the largest single-month increase of FlexPath projects since the beginning of the program (276 new project applications).



The following chart shows project numbers for specific milestones in the FlexPath project process.



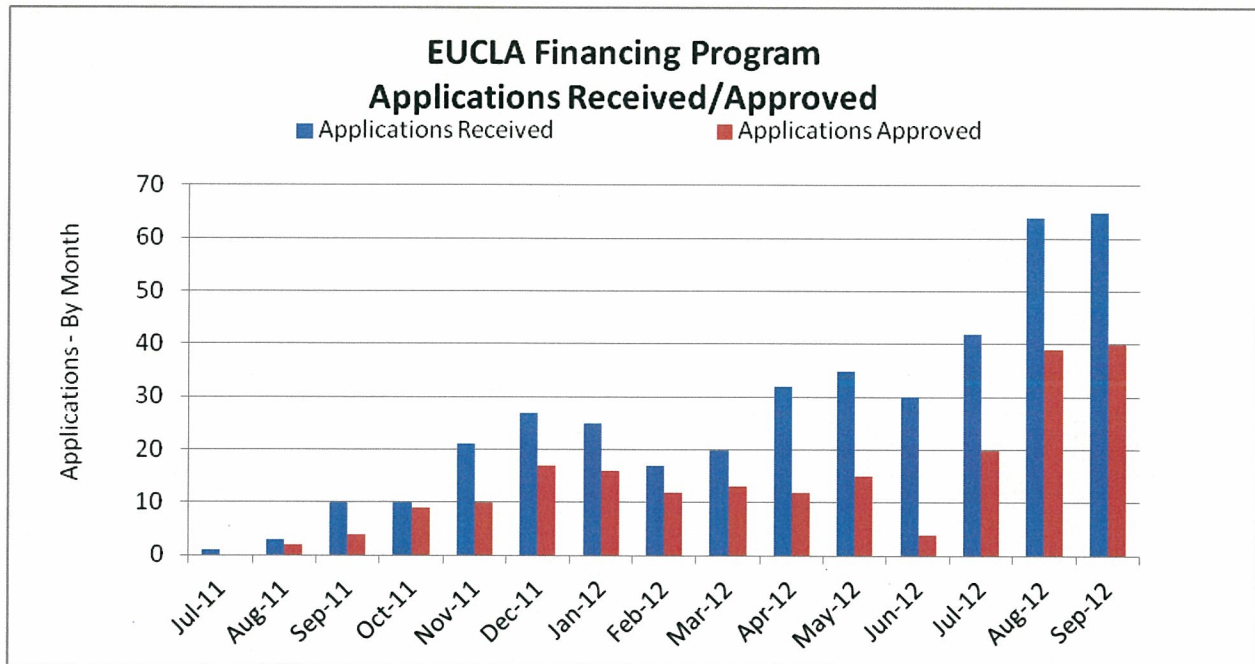
Monthly EUCLA Graphics/Narrative – Through October 1, 2012

The next table is a breakdown of all EUC project applications submitted within the Los Angeles County, by project type (cumulative totals), along with average energy savings achieved, average cost of the retrofit projects, and the average rebate amounts received by homeowners.

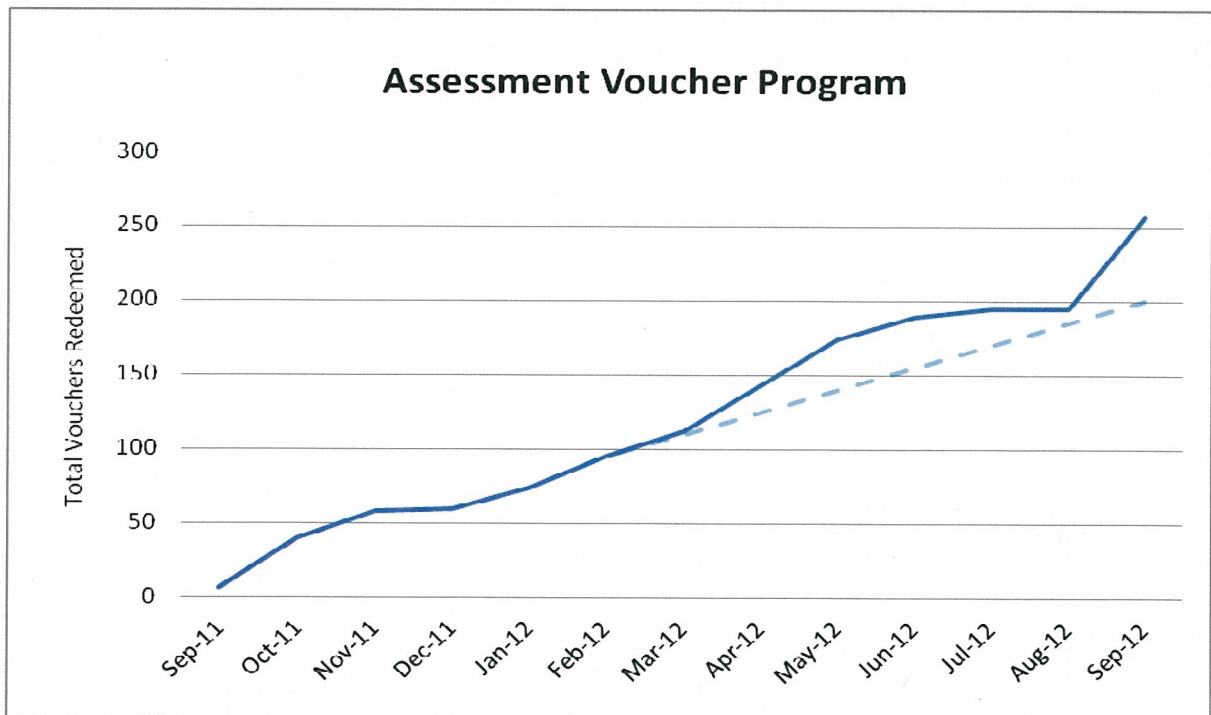
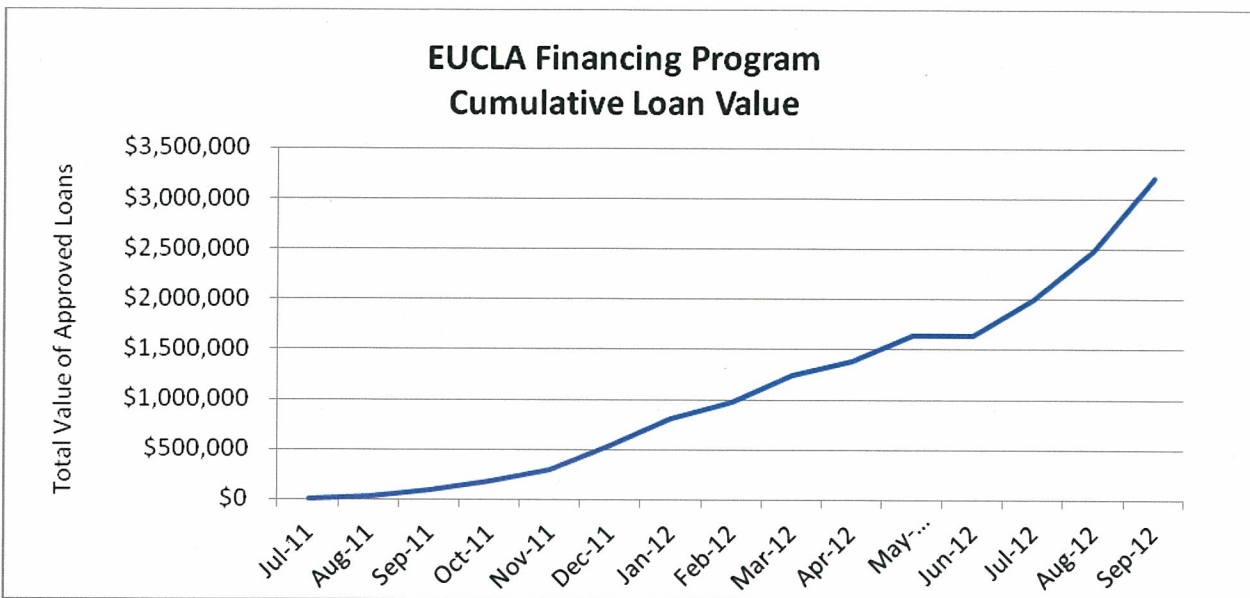
Breakdown of Upgrade Projects and Cost/Savings (August 2012)				
Project Breakdown - LA County	Number of Projects	Average Energy Savings	Average Cost	Average Rebate (Utility + LA County)
Advanced - 43% of Projects	1100	28%	\$12,651	\$5,134
Basic - 1.5% of Projects	38	10%	\$4,329	\$2,000
Flex - 55.5%	1425	16.7%	\$5,672	\$1,500*

**This incentive is paid by LA County only. Some Utility single measure rebates may be added.*

As evidenced in the financing program charts below, September submittal and approval figures were very close, but slightly higher than those of August. LA County homeowners submitted 65 applications and 39 applications were approved. The total program funded loan amount has now topped \$3 million.

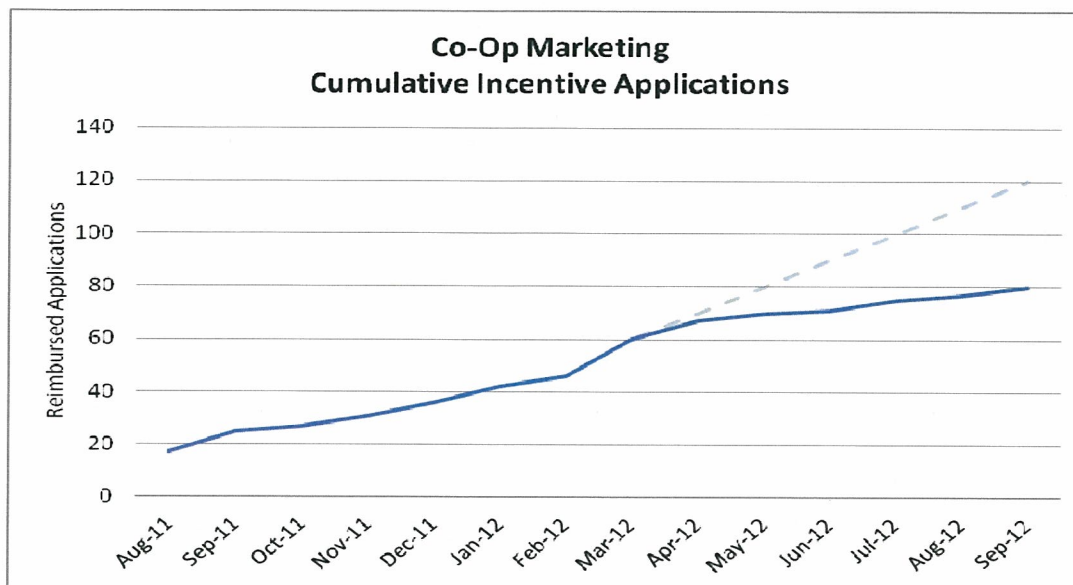


Monthly EUCLA Graphics/Narrative – Through October 1, 2012



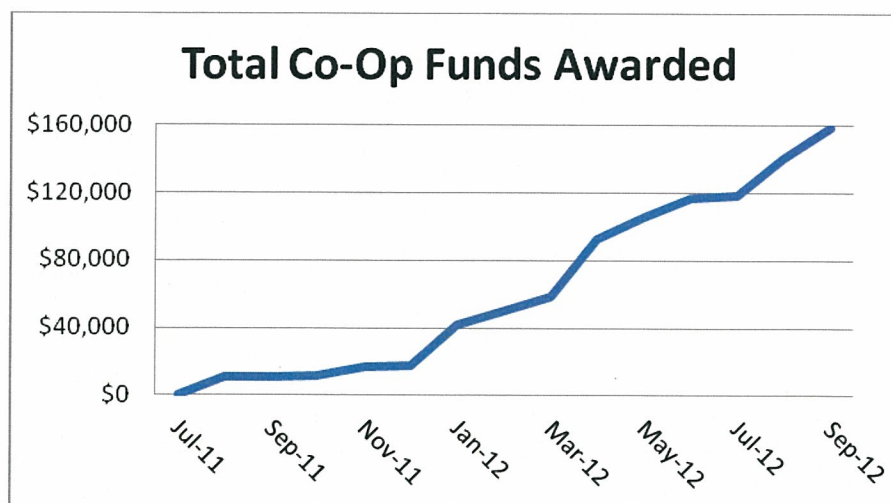
The graphic above shows a cumulative total of assessment vouchers, which have been redeemed by homeowners to mitigate the initial cost of an energy efficiency assessment. In the month of September 62 assessment vouchers were submitted.

Monthly EUCLA Graphics/Narrative – Through October 1, 2012



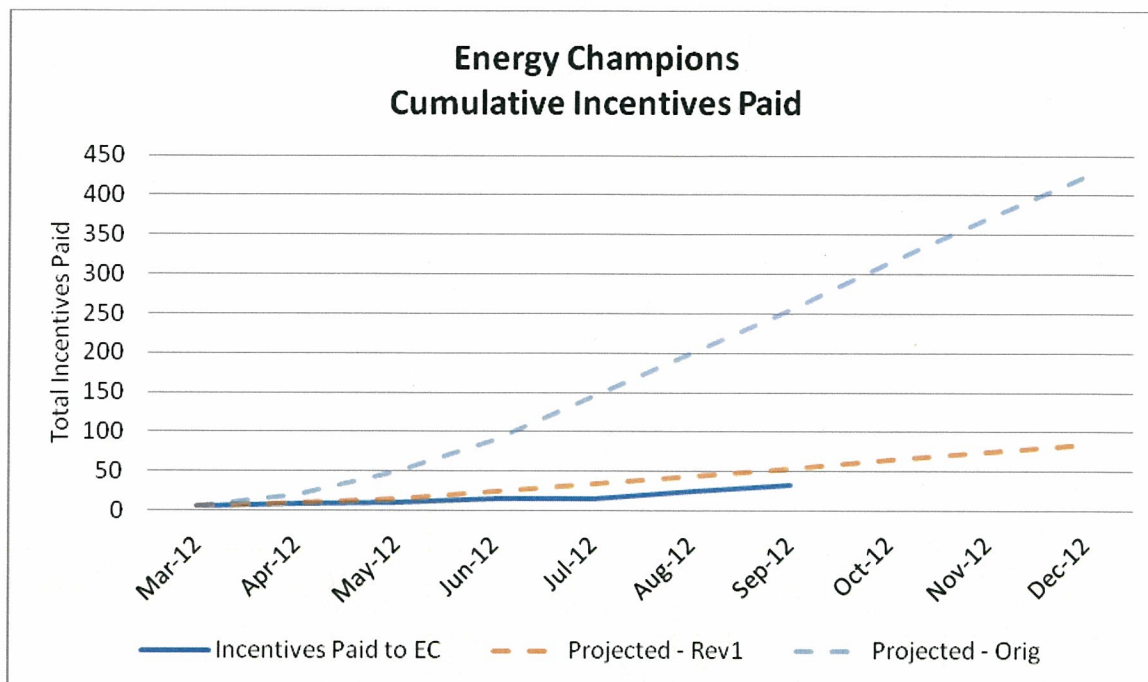
The Co-Op Marketing chart above would appear to show that Contractor Co-Op Marketing applications are well below projections, but there are many factors that contribute to this “leveling-off” effect. There is a finite pool of approximately 90 approved contractors that are able to utilize this program, and a smaller number of those are actively performing retrofit projects under the EUCLA program. Following the recent announcement of the end of the LA County matching incentives, contractors have slowed their investments in marketing and outreach materials.

To provide a more complete context for the Co-Op Marketing program, the following graphic represents the total matching funds awarded to date. This demonstrates that although the number of unique applications for matching incentives has leveled off, the overall funds usage has continued to climb.

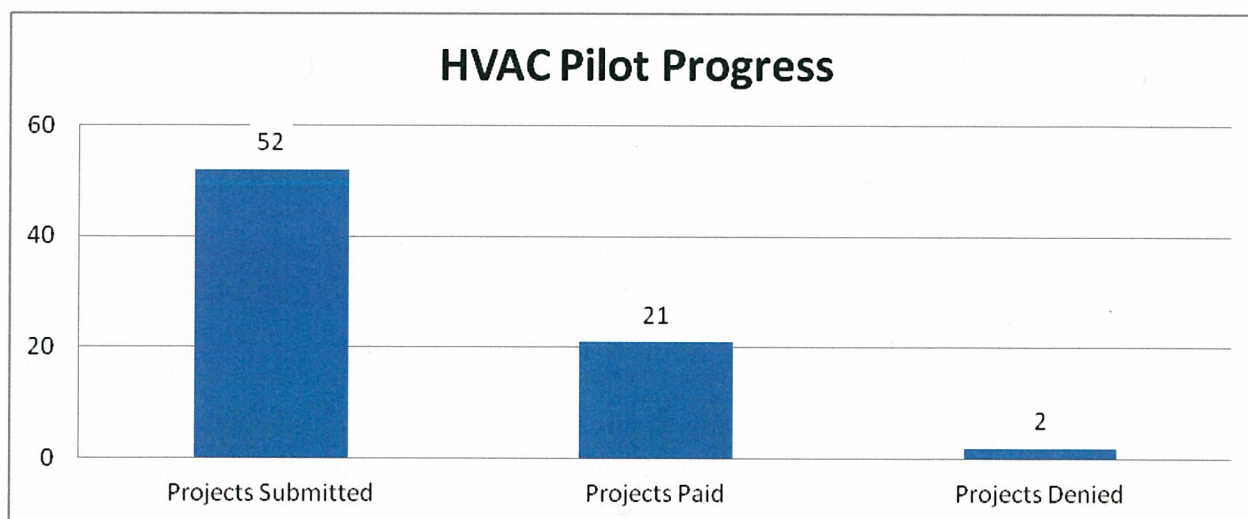


Monthly EUCLA Graphics/Narrative – Through October 1, 2012

The Energy Champions program got off to a slow start, and experienced various setbacks, but the month of September was very productive. Energy Champions have now submitted a total of 172 project applications, 38 were submitted in the month of September.



(Revisions have been made to the Energy Champions program, and this chart has been revised to reflect an adjusted projection for total projects).



The HVAC pilot program provides training and incentives to encourage existing HVAC contractors to expand their business to include whole-house energy efficiency retrofit work. A total of 52 projects have been submitted for approval into the HVAC pilot program, 11 in the month of September.

Monthly EUCLA Graphics/Narrative – Through October 1, 2012

Multifamily Pilot - The Multifamily program has a total of 14 active projects, consisting of more than 1100 residential units, that are now in various stages of planning/design for recommended efficiency measures, or in some cases, currently undergoing retrofits. Current projections show that roughly 92% of available incentive budget of \$950,000 will be expended for incentives to these offset the cost of these projects.